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Takeshita Opens Special Diet Session

Prime Minister Noboru Takeshita made his first major policy speech at the November 27 opening of a special Diet session, giving a clearer view of his major goals for the coming year. It appears he has his work cut out for him as opposition parties have already strongly criticized his month-old cabinet.

Mr. Takeshita convened the 16-day extraordinary session to address two issues: tax reform and skyrocketing land prices. Despite the difficulties his predecessor had with the subject, Mr. Takeshita made passage of a more balanced tax system the keystone of his fiscal policy, pointing to the costs associated with the rapid aging of the population as the primary reason for seeking new sources of revenue, perhaps including a major indirect tax. Included in this reform package will be major changes in alcoholic beverage taxes to comply with

Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1985	1986	January-September 1986	January-September 1987	July 1987	August 1987	September 1987
Japan's Balance of Payments							
Trade Balance	$55,986	$92,827	$65,267	$72,011*	$8,546*	$6,206*	$8,848*
Exports (f.o.b.)	174,015	205,591	150,942	162,934*	19,537*	17,177*	19,882*
Imports (f.o.b.)	118,029	112,764	85,675	90,923*	10,991*	10,971*	11,034*
Current Account Balance	49,169	85,845	60,180	64,584*	7,171*	5,305*	8,384*
Long-Term Capital (net)	-64,542	-131,461	-86,282	-98,784*	-18,518*	-1,376*	-2,316*
Overall Balance	-12,318	-44,767	-20,295	-11,119	-10,807	9,295	9,722
International Reserves (end of period)	26,510	42,239	41,456	72,139	69,769	70,726	72,139
Japan's Customs Clearance Trade							
Trade Balance	46,099	82,743	58,851	59,670	6,949	5,153	7,441
Exports (f.o.b.)	175,638	209,151	153,433	166,295	19,899	17,607	20,365
Cars	25,402	32,945	24,434	26,380	3,362	2,706	3,285
Steel	13,566	12,706	9,450	9,052	1,108	1,036	1,042
Imports (c.i.f.)	129,539	126,408	94,582	106,625	12,951	12,454	12,924
Crude Oil	34,599	19,481	15,569	14,892	1,580	1,591	1,664
Japan-U.S. Trade							
Trade Balance	39,485	51,401	36,846	38,031	4,791	3,730	4,869
Exports (f.o.b.)	65,278	80,456	58,910	60,825	7,639	6,397	7,599
Imports (c.i.f.)	25,793	29,054	22,064	22,794	2,848	2,667	2,730
U.S.-Japan Trade							
Trade Balance (f.a.s./c.i.f.)	-49,749	-58,575	-43,028	-44,323	-5,074	-4,879	-4,632
Exports (f.a.s.)	22,631	26,882	20,301	20,217	2,561	2,658	2,424
Imports (c.i.f.)	72,380	85,457	63,328	64,540	7,635	7,536	7,057
Trade Balance (f.a.s./Customs)	-46,152	-55,030	-40,340	-41,775	-4,779	-4,585	-4,357
Exports (f.a.s.)	22,631	26,882	20,301	20,217	2,561	2,658	2,424
Industrial Supplies	8,680	8,752	6,281	7,234	838	924	842
Capital Goods	5,939	6,728	4,815	5,438	826	644	737
Food and Feed	5,001	5,043	3,754	4,120	511	664	471
Consumer Goods	1,416	1,690	1,239	1,890	228	236	219
Imports (Customs)	68,783	81,911	60,641	61,992	7,341	7,242	6,781
Automotive Products	24,980	32,849	24,116	24,815	2,902	2,953	2,462
Capital Goods	21,516	25,334	18,740	21,097	2,524	2,445	2,435
Consumer Goods	14,017	15,451	11,458	9,711	1,182	1,122	1,201
Industrial Supplies	7,035	6,949	5,339	5,437	623	609	567

*Preliminary

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1985	1986	January-September 1986	January-September 1987	July 1987	August 1987	September 1987
Discount Rate (end of period)	5.0%	3.0%	3.5%	2.5%	2.5%	2.5%	2.5%
Outstanding Money Supply	8.4%	8.7%	8.8%	9.9%	10.3%	11.0%	11.1%
Industrial Production	4.6%	-0.4%	-0.2%	2.1%	4.1%	5.0%	5.3%
Manufacturing Operating Rate	1.2%	-4.8%	-4.3%	-0.7%	0.2%	2.6%	3.9%
Number of Bankruptcies	-9.7%	-7.1%	-7.1%	-17.8%	-30.7%	-29.1%	-32.0%
Residential Construction Starts	4.1%	10.4%	8.7%	22.1%	27.2%	30.9%	26.8%
Job Openings to Applications (ratio)	0.68	0.62	0.63	0.66	0.70	0.71	0.74
Nominal Wages	3.6%	3.5%	3.8%	2.4%	1.8%	1.0%	3.0%
Labor Productivity	4.2%	2.3%	2.2%*	3.2%*	n.a.	n.a.	n.a.
Wholesale Prices	-1.1%	-9.3%	-9.0%	-5.1%	-2.2%	-1.1%	-0.2%
Consumer Prices	2.0%	0.6%	0.9%	-0.1%	0.1%	0.4%	0.8%
Yen-Based Export Prices	-1.4%	-14.5%	-16.0%	-4.9%	-0.4%	0.7%	-0.9%
Yen-Based Import Prices	-2.5%	-34.7%	-34.1%	-10.9%	5.6%	12.3%	7.3%

*Through June of each year only.

For Japan's most recent GNP figures, see JEI Report No. 36B, September 25, 1987.

STATISTICAL SUPPLEMENT